UNITED
NATIONS

TD

United Nations
Conference
on Trade and
Development

Distr.
GENERAL

TD/386
18 February 2000

Original: ENGLISH

Tenth session
Bangkok, 12-19 February 2000

PLAN OF ACTION

GE.00-70209

CONTENTS

Chapter			Paragraphs
I.	**Development strategies in an increasingly interdependent world: applying the lessons of the past to make globalization an effective instrument for the development of all countries and all people**		1 - 102
A.	Evaluation of the developmental impact of globalization		1 - 9
B.	Stocktaking of major international initiatives and developments		10 - 35
	(i)	Uruguay Round	10 - 16
	(ii)	UN-NADAF	17 - 22
	(iii)	Least developed countries	23 - 31
	(iv)	Debt relief	32 - 34
		The HIPC initiative	33
		Financial rescue packages	34
	(v)	Major United Nations Conferences	35
C.	Measures and initiatives to be taken by the international community to ensure successful integration of developing countries into the world economy		36 -102
	(i)	Finance and investment	37 - 49
		ODA	38 - 40
		Debt	41 - 46
		Investment	47 - 49
	(ii)	International trade	50 - 77
		Trade liberalization	50 - 51
		Policy consistency	52 - 59
		Special and differential treatment	60 – 63

CONTENTS *(continued)*

Chapter			Paragraphs
		Commodities	64 - 68
		Competition	69 - 70
		Services	71 - 74
		ECDC and economic integration	75 - 77
	(iii)	Other development-related issues	78 – 102
		Enterprise development	78 - 82
		Transfer of technology and know-how	83 - 89
		Trade-supporting services	90 - 99
		Human resources development	100 - 101
		South-South cooperation	102
II.	**UNCTAD's engagement**		103 - 171
	A.	Globalization, interdependence and development	107 - 113
	B.	Investment, enterprise and technology	114 - 128
		(i) Improving the understanding of the role of FDI, technological capacity-building and enterprise internationalization	115 – 122
		(ii) Strengthening developing countries' national ability to formulate and implement policies to attract and benefit from FDI, strengthen technological capacities and foster the development of enterprises	123 – 125
		(iii) Improving understanding of emerging issues, including the role of international arrangements for the purpose of attracting and benefiting from FDI, enhancing technological capacity and promoting enterprise development in a globalizing world economy	126 – 128

CONTENTS *(continued)*

Chapter			Paragraphs
	C.	International trade	129 – 147
		(i) Market access	132
		(ii) Trade in agriculture	133
		(iii) Trade in services	134 – 135
		(iv) Support for developing countries in multilateral trade negotiations and in accession to WTO	136
		(v) Regional integration and the multilateral trading system	137 – 138
		(vi) Special and differential treatment	139
		(vii) Competition issues	140 – 143
		(viii) Strengthening supply capacities in export-oriented sectors of commodities	144
		(ix) Strengthening supply capacities in export-oriented sectors of manufactures and services	145
		(x) Trade and environment	146 - 147
	D.	Service infrastructure for development and trade efficiency and human resources development	148 – 160
		(i) Trade and transport facilitation	150 – 152
		(ii) Customs	153
		(iii) Banking and insurance	154
		(iv) Services for micro-enterprises	155
		(v) Electronic commerce	156 – 158
		(vi) Human resources development	159 – 160
	E.	Least developed countries, land-locked developing countries, and small island developing States	161 – 163
	F.	Technical cooperation	164 – 169
	G.	Intergovernmental machinery	170
	H.	Implementation	171

I. DEVELOPMENT STRATEGIES IN AN INCREASINGLY INTERDEPENDENT WORLD: APPLYING THE LESSONS OF THE PAST TO MAKE GLOBALIZATION AN EFFECTIVE INSTRUMENT FOR THE DEVELOPMENT OF ALL COUNTRIES AND ALL PEOPLE

A. Evaluation of the developmental impact of globalization

1. Globalization and interdependence have opened new opportunities, through increased trade liberalization and advancement in technology, for the growth of the world economy and development. With the acceleration in the pace of globalization in the early 1990s came the expectation that growth and development based on global market forces would be more rapid, more sustainable and more widely shared than in the past. The record, however, has been mixed. Some countries have successfully adapted to the changes and benefited from globalization, thanks in part to export-led and FDI absorption strategies. Nevertheless, many developing countries, especially the LDCs, have not achieved significant or continuous increase in their GDP per capita over the last three decades. While domestic factors have played a role, it seems clear that the international environment has not always been conducive to their development efforts. The income gap is wide between the developed and the developing countries and often within countries. Although globalization raises serious problems, with a risk of instability and marginalization, experience so far has shown that it offers new perspectives for integrating developing countries in the world economy.

2. A series of financial crises has affected the global economy in the 1990s. What became clear particularly through the Asian crisis was that even developing countries which had achieved rapid growth were still vulnerable and that existing international mechanisms were not fully effective in dealing with the crisis. Moreover, contagion resulting from the crisis had a negative impact on international trade worldwide and economic development in many developing countries and countries in transition. While there are indications that recovery is under way, the social consequences of the crisis are still present.

3. There is a growing awareness that recent development strategies promoted mainly by the multilateral financial institutions have limitations for the development process and should, along with certain domestic policies, adapt to evolving global conditions. In order to help developing countries to prevent and overcome any negative effect of economic and financial globalization, to reap its benefits and to respond to its challenges and opportunities, there is a need for the international community to reconsider and elaborate development strategies and policies, taking into account development's social, human and environmental dimensions.

4. Globalization remains potentially a powerful and dynamic force for growth and development. It can improve the overall performance of developing countries' economies by opening up market opportunities for their exports, by promoting the transfer of information, skills and technology and by increasing the financial resources available for investment in physical and intangible assets. Maximizing the benefits of globalization requires sound domestic policies supported by an enabling global environment and by international economic cooperation. It also requires that the international community address the imbalances and asymmetries in the international economy. Bilateral and multilateral efforts are also needed to safeguard vulnerable populations, especially during times of economic crisis. Benefits of globalization should be more widely shared among and within countries, as there is no automatic process by which the income levels of developing countries will converge towards those of developed countries.

5. The fast pace of financial liberalization has in some cases significantly delinked finance and investment from international trade and has led to high volatility of capital flows. This has weakened the capacity of some developing countries to manage effectively their integration into the world economy. The effects of the volatility need to be addressed by the international community.

6. While trade liberalization has generated growth, there is still scope for further opening in many areas of export interest to developing countries. The efficient functioning of a non-discriminatory and competitive market would represent an important contribution to development. Labour markets have not been opened to the same extent as capital markets. In order that globalization can contribute to sustained economic growth and sustainable development, intensified international cooperation as well as countries' own national and regional efforts will be essential to address the domestic and external factors of underdevelopment effectively. Taking account of their specific circumstances, liberalization can improve the international competitiveness of developing countries and promote growth.

7. Democracy, rule of law, transparent and accountable governance and administration, including combating and eliminating corruption - a global phenomenon, affecting both developed and developing countries - are indispensable foundations for the realization of people-centred sustainable development. Human rights and fundamental freedoms, with the right to development as an integral part, must be promoted and protected. Macroeconomic stability has proved to be an important element for economic growth and the alleviation of poverty.

8. Policies and programmes need to integrate a gender perspective in order to contribute to the empowerment of women and to achieve equality between women and men in all

sectors of the economy. Social policies, especially education, including girls' education, as well as health policy and social safety nets, yield a high return in terms of growth.

9. We reaffirm paragraph 84 of the Midrand document "A Partnership for Growth and Development". Good health and the attainment of basic education are essential building blocks of development and indispensable for reducing poverty and inequality. Policies must take into account the effects of globalization on basic development requirements.

B. Stocktaking of major international initiatives and developments

(i) Uruguay Round

10. The Uruguay Round of Multilateral Trade Negotiations resulted in improvements in market access, as well as in the security of market access, for both goods and services. In addition, the dispute settlement mechanism of the WTO in principle provides WTO members with effective recourse to defend their market access rights. Furthermore, within the framework of the general liberalization process, several WTO members, including many developing countries, have taken autonomous measures which have made a positive contribution to that liberalization process.

11. However, the Uruguay Round negotiations focused on achieving tariff liberalization but left tariff peaks and escalation in a significant number of products, including those which are of interest for developing countries. Furthermore, the tariffication of quotas and other non-tariff measures in the agricultural sector was reflected in a number of high tariffs, with the access opportunities in many sectors being provided only within tariff quotas. The textile and clothing sector, of vital interest to many developing countries, is subject to declining quantitative restrictions until 2005, with the most meaningful liberalization of existing quotas coming last.

12. The Uruguay Round Agreements relating to sanitary and phytosanitary standards and to technical barriers to trade developed a set of rules intended to impede the use of those standards as obstacles to trade.

13. The improved market access and increased market penetration resulting from the Uruguay Round, as well as other economic factors, have given rise to more intense demands from domestic producers in many countries for "trade remedies" in the form of contingency measures, including safeguards, anti-dumping duties and countervailing duties. There has been active use of anti-dumping laws by many countries, as well as of other trade measures in

such areas as rules of origin. The most affected sectors include metals, plastics, textiles and clothing, footwear and headwear.

14. The Uruguay Round approved Agreements, including those on Subsidies and Countervailing Measures, TRIPS and TRIMs. The provisions on special and differential treatment in favour of developing countries contained in these Agreements need to be fully implemented and operationalized. The experience to date with implementation of some of these Agreements has revealed existing and potential problems for developing countries that should be analysed.

15. The GATS provides a very useful framework for liberalization, in particular through its flexible structure which allows countries to liberalize at their own pace, in line with their development situation. The GATS explicitly states as an objective that of facilitating and increasing the participation of developing countries in trade in services. However, the actual degree of market access commitments on trade in services entered into by countries varies considerably among sectors and in relation to individual modes of supply; market access conditions for commercial presence have been emphasized, rather than the movement of service providers as natural persons. Countries have also negotiated exemptions from MFN under the GATS, and attached them as lists of exemptions thereto. Considerable scope thus remains for further liberalization in a range of service sectors, particularly those of special interest to developing countries.

16. The generalized system of preferences (GSP) has played a significant role in providing preferential market access opportunities to many developing countries and still remains an important instrument for potential further liberalization of market access for many developing countries, although there has been an erosion in the margin of preferences as a result of MFN-based tariff reductions. Many developing countries benefit from special preferential arrangements such as the Lomé Convention and the Caribbean Basin Initiative (CBI).

(ii) UN-NADAF

17. The primary objective of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) was the accelerated transformation, integration, diversification and growth of African economies, the reduction of vulnerability to external shocks, enhanced self-reliance and dynamism, and internalization of the process of development. At the 1996 mid-term review of the implementation of UN-NADAF, the General Assembly recognized the advances made by many African countries in economic reform and adjustment, as well as the intensification of the democratization process and the strengthening of

civil society. Notwithstanding these efforts, Africa's economic and social problems remain acute. While various initiatives are being undertaken in favour of Africa, many of the commitments made in the context of UN-NADAF by the international community remain to be completed. These commitments concern the reduction of African debt, adequate resource flows, provision of greater market access and assistance in diversification and capacity-building.

18. The principle that the development of Africa remains the responsibility of African countries supported by global partnership and international cooperation was reiterated recently, for example, at the Second Tokyo International Conference on African Development (TICAD II). Development partners are encouraged to support African countries' efforts based upon this principle.

19. The debt overhang of African countries remains a major obstacle to their development, with debt servicing absorbing a very substantial part of their revenues, crowding out national investment in human and physical infrastructure.

20. Many African countries continue to be dependent on a handful of commodities for their export earnings and development. Commodity prices as a whole have fallen considerably since 1998. Expectations of increased levels of savings and investment are therefore very low. Despite policy efforts by a large number of African countries to improve the climate for private investment, FDI flows to most African countries have remained low. Many African countries continue to rely on ODA to bridge the financing gap. However, ODA flows currently represent less than 0.2 per cent of the total GDP of the Development Assistance Committee (DAC) countries, far short of UN targets. This continues to be a major cause of concern.

21. Moreover, emergency relief due to problems arising from humanitarian crises is absorbing a greater portion of aid budgets.

22. As to the question of market access, the duties that are applied to textiles, clothing and shoes in some developed countries' markets remain high, and quotas continue to apply. In addition to tariffs, sanitary and phytosanitary measures and their implementation are in some cases an impediment for increased imports of products from Africa. Despite improvements in some GSP schemes, they are still insufficient to meet the needs of Africa. Special agricultural safeguard measures *vis-à-vis* African exports persist.

(iii) Least developed countries

23. The Programme of Action for the Least Developed Countries for the 1990s embodied a commitment to arrest and reverse the decline in the socioeconomic condition of LDCs, but the 1995 High-Level Intergovernmental Meeting on the Mid-term Global Review on the Implementation of the Programme of Action and subsequent reviews by the Trade and Development Board clearly showed that the commitments contained in the Programme of Action have not been fully implemented. This, and in certain cases the lack of ownership and full participation in the design of policy reforms by LDCs has affected the implementation and impact of these reforms.

24. At the national level, the development of LDCs has been constrained by shortcomings in physical infrastructure and human resources development; low levels of domestic resource mobilization; shortcomings in macroeconomic policy design and management; severe socio-economic consequences of local or regional conflicts afflicting a number of LDCs; a high rate of population growth; a generally disappointing performance in the agricultural and rural sector; an inability to integrate women adequately as full agents and beneficiaries of development; and a lack of appropriate policies and of legal and institutional frameworks for the promotion of private entrepreneurship.

25. The development of LDCs has also been limited by their continued vulnerability to natural disasters, and where natural disasters have occurred, efforts have often concentrated on immediate disaster relief, without always fully addressing the requirements of mitigating the adverse impact of natural disasters and of long-term reconstruction.

26. Overall, the external environment facing LDCs has remained difficult. Their share in world trade remains extremely low and their economies continue to be vulnerable to instability in commodity markets. ODA flows continue to be of critical importance in sustaining growth and development in LDCs. However, those flows have continued to decline, and few donor countries have met or surpassed the UN targets. The LDCs' external debt burden continues to be unsustainably high, amounting to about 90 per cent of their combined GDP.

27. The High-Level Meeting on Integrated Initiatives for the Least Developed Countries' Trade Development convened by WTO in 1997 endorsed the Integrated Framework for Trade-Related Technical Assistance, including for Human and Institutional Capacity Building, to Support Least Developed Countries in their Trade and Trade-Related Activities. The implementation of this Framework has progressed at a slow pace. In order to move the process forward, and bearing in mind that it has to be demand-driven, resources made

available by the six agencies involved should be utilized in line with their respective roles. This should also be consistent with the Singapore WTO Plan of Action for LDCs and build upon existing agreements embodied in the 1997 Integrated Framework initiative.

28. At the High-Level Meeting and subsequently, notifications of market access and trade opportunities offered to LDCs were made by a number of developed and developing countries.

29. The "Partnership for Growth and Development" adopted by UNCTAD IX defined LDCs as a cross-cutting issue in UNCTAD's work and stated that LDCs should have priority in the assistance provided by UNCTAD. UNCTAD is also the focal point for LDCs of the United Nations system. Regrettably, the results have not been up to expectations. The LDCs' specific problems have not been addressed in a sufficiently integrated manner or received adequate priority.

30. The Trust Fund for LDCs was established in early 1997 to facilitate the start-up of new activities and enhance UNCTAD's technical cooperation activities in support of these countries. The target for the Trust Fund was $5 million per annum. Total contributions from 13 donor countries - developed and developing - have amounted to approximately $5.2 million so far. Contributions should continue to be sought from as many countries as possible and the maximizing of contributions is to be seen as a collective endeavour involving all States members of UNCTAD and relevant non-government actors such as NGOs, foundations and private companies.

31. The Third United Nations Conference on the Least Developed Countries, to be hosted by the European Union in Brussels in the year 2001, will be a major event and an important occasion to renew the collective commitment of the international community to assist LDCs in their efforts to improve their socio-economic conditions and promote their progressive integration into the world economy.

(iv) Debt relief

32. In the area of debt, two major developments have taken place in the second half of the decade: the launching of the initiative to deal with the debt of the heavily indebted poor countries (HIPCs) in a comprehensive way; and the mobilization of large-scale rescue packages for middle-income debtor countries in payments crises.

The HIPC initiative

33. In 1996, the international donor community agreed to launch a debt initiative designed to implement a strategy of burden-sharing among all creditors to reduce the debt of the HIPCs to a sustainable level, thus providing an exit from the rescheduling process. Today four countries (Uganda, Bolivia, Guyana and Mozambique) have reached final completion. For the HIPCs, repeated reschedulings of bilateral debt in the past have not significantly reduced the amount of outstanding debt. Expansion of the HIPC programme, as proposed at the Cologne Summit in June 1999, and as endorsed by the international finance institutions at the end of September 1999, addresses the limitations of the previous initiative by providing deeper, faster and broader debt relief and broadening the scope of the initiative.

Financial rescue packages

34. No mechanism is available to handle large-scale restructuring of the debt owed by many private borrowers in the banking or corporate sector to a multitude of foreign lenders, including bond holders. The payments difficulties of the countries affected by the financial crises of the 1990s have been tackled by the mobilization by official creditor countries and institutions of rescue packages the size of which has become larger with each crisis. These large-scale rescue packages have complemented domestic efforts to tide over debtor countries suffering severe liquidity crises.

(v) Major United Nations conferences

35. Over the last decade a number of important United Nations conferences have contributed to greater awareness on cross-cutting challenges such as environment and development, social development, gender, human rights, habitat, and population and development. Comprehensive plans of action and specific collective commitments on the part of the international community have been adopted. Many of these commitments have not yet been fully implemented.

C. Measures and initiatives to be taken by the international community to ensure successful integration of developing countries into the world economy

36. An important challenge for the international community is to secure the integration of developing countries, including the structurally weak, vulnerable and small economies and countries in transition, into the globalizing world economy and to reduce the risk of marginalization. The coherence and consistency of macroeconomic policies must be

enhanced at the national, regional and international levels. The lack of territorial access to the sea, aggravated by remoteness and isolation from world markets, imposes serious constraints on the overall socio-economic development efforts of the land-locked developing countries. Likewise, island developing countries, particularly the small and remote ones among them, also face constraints.

(i) Finance and investment

37. A series of financial crises, including the recent Asian crisis, has highlighted the need to strengthen international cooperation efforts to improve the existing international financial system with a view to preventing recurrence of crisis, providing better mechanisms for crisis management and making it more conducive to trade and development. In the area of the mobilization of external resources for development, the challenges ahead include the following: mobilizing enhanced and more stable sources of international investment flows towards a larger number of recipient developing countries; reversing the decline in ODA and ensuring effective targeting and use of ODA as a catalyst for sustained economic growth and sustainable development; and finding lasting solutions to the debt problems of developing countries. The challenge ahead also lies in sustaining and, where needed, elaborating the suitable domestic framework to attract foreign investment. In the area of the mobilization of internal resources, it requires increasing domestic savings and ensuring the efficiency of national financial markets.

ODA

38. Official development assistance remains a critical resource for developing countries. The decline in the level of ODA is therefore a matter of serious concern. Efforts should be made to prevent assistance for development projects and programmes competing with other claims on development assistance and emergency aid. The decline in replenishments of concessional windows of multilateral development banks is also a matter of concern. Targeted and well coordinated development assistance can be used to reinforce efforts in the recipient countries to create an enabling environment for private sector activity and domestic and foreign investment, promote economic and social policies, and develop effective economic and judicial institutions which contribute to the quality of aid. ODA should *inter alia* contribute to physical infrastructure and capacity-building.

39. Increasing concern has been voiced about the urgent need to reduce poverty in poor countries. The members of the Development Assistance Committee (DAC) of OECD have renewed their commitments in respect of a development partnership strategy designed to

reduce the proportion of the world's population living in extreme poverty by 50 per cent by the year 2015. The volume of ODA should be progressively brought into line with the United Nations target of 0.7 % of industrialized countries' GDP and the target of 0.2 % for the LDCs. In addition, the international community could consider the possibilities of bolder initiatives in this field whose objectives would include contributing to human development. Lessons should also be drawn from successful examples of the channelling of official aid with a view to encouraging the mobilization and effective use of official resources for development.

40. It is essential to ensure that existing resources for development purposes yield a better development impact. Recent efforts by OECD donor countries to untie their ODA to respond better to national development needs are encouraging, and efforts to untie ODA for LDCs should continue.

Debt

41. Debt problems are a serious obstacle to the pursuit of economic and social development. High debt-servicing burdens deprive debtor developing countries of the resources needed to build a competitive basis for economic development and to develop a strong social and physical infrastructure. Debt problems of poor countries have become deeper in the aftermath of the global financial crisis. In parallel, middle-income countries which have access to international capital markets have been repeatedly hit by financial crises.

42. Debt relief should form part of a comprehensive framework which would ensure that debtor countries do not fall back into arrears by eliminating the structural causes of indebtedness. Creditor nations must now give the poorest members of the world community a new start. The initiative taken at the Cologne Summit to provide faster, deeper and broader debt relief for the poorest countries is highly encouraging.

43. The enhancements of the HIPC Initiative, which were proposed at the Cologne Summit and subsequently endorsed at the IMF/World Bank meeting in September 1999, will link debt relief with poverty alleviation and allow debtor countries to target budgetary savings to social expenditures. The Cologne Summit has called upon all bilateral creditors to forgive all concessional debt owed by qualified HIPC countries. Faster debt relief would be provided through earlier cash flow relief ("interim relief") and by allowing an earlier stock reduction.

44. With regard to African debt, this complex and important problem needs further consideration. Continued attention should be given to identifying ways and means of improving the situation and to addressing the causes of indebtedness in African countries so that they can devote more of their resources to basic social needs, including health care and education. In this context, the international community may wish to consider ways and means of identifying that portion of the debt assessed as unpayable for possible action by creditors.

45. In the case of middle-income countries faced with acute liquidity crisis, large financial rescue packages have been mobilized to allow debtor countries to face their short-term debt obligations. While the Paris Club provides a framework for a rescheduling of official bilateral debt and the London Club for restructuring of syndicated bank lending, no clear debt restructuring framework has been established to help these countries to negotiate quick debt restructuring with their private creditors, especially bond holders. This complex problem needs further research.

46. The ability of all countries, especially developing ones, to manage their debt obligations is important: assistance to allow them to do this in an effective, efficient way should be encouraged.

Investment

47. The mobilization of external resources for development in the 1990s has been characterized by an increasing privatization of resource flows to developing countries. International investment flows have increased at a faster pace than world output and world trade since the early 1980s. As a result, international investment and in particular FDI has emerged as one of the driving forces in the world economy, contributing not only to the integration of markets, but also, increasingly, to the integration of national production systems. The composition of capital flows has changed, with foreign direct investment (FDI) and foreign portfolio investment (FPI) accounting for the largest shares of total net resource flows to developing countries. Since 1980, FDI flows to developing countries have climbed significantly, but are heavily concentrated in a few countries. While FDI is a more stable form of investment, FPI is often more volatile. Both types of flows have different characteristics and may have differing impacts on the development of recipient countries. This is all the more important as FDI represents a package that includes not only capital but also technology, organizational and management practices, skills and access to international markets. Countries that do not attract sufficient FDI flows are also deprived of other tangible and intangible resources which are central to development.

48. To attract such resources, developing countries strive to create a favourable and enabling investment climate to attract international investment flows. In addition, national efforts at liberalization are increasingly complemented by facilitation and protection efforts at the international level. However, while FDI flows to developing countries have increased, the LDCs' share in total FDI flows stood at less than one-half of one per cent in 1998. To remedy this situation, policies need to be developed by developing countries to attract and benefit from FDI. The international community should support developing countries in their efforts to devise FDI strategies and appropriate proactive policy frameworks and institutions which would impose the least possible burden on fiscal resources. Some countries have introduced home country measures to promote FDI flows to developing countries, and such measures deserve to be encouraged. A favourable and enabling investment climate which mobilizes FDI and domestic savings and channels them into productive investments also requires that the suppliers of capital have reliable, transparent and comparable financial information.

49. In order to minimize risks resulting from financial turmoil, the liberalization of capital markets should be supported by prudential rules and supervision of financial markets. In this context, progress should be made in strengthening the solidity of domestic financial sectors, as well as macro-economic performance, on the one hand, and in improving the international financial system with regard to transparency of flows (from lending and borrowing sides), prevention of financial crisis and the fight against capital flight, money laundering and tax evasion, as well as stabilizing international financial markets, on the other hand.

(ii) International trade

Trade liberalization

50. The liberalization of national trade regimes has enhanced opportunities for trade-based and in particular export-based growth. In the course of the implementation of the WTO Agreements, most developing countries consider that certain imbalances and asymmetries exist. Some countries have had difficulties with respect to certain agreements due to human, institutional and financial constraints. These problems need to be addressed urgently so as to ensure that the multilateral trading system results in mutual benefits for all countries.

51. Further, although developing countries need policy flexibility to support and promote their enterprises, investments in production and marketing, and export expansion and diversification, latecomers now face more stringent policy conditions than those which

prevailed previously. The multilateral framework of WTO rules contributes to a stable and predictable environment, though it has in certain cases narrowed the range of policy options for Governments. Commitments undertaken under IMF/World Bank structural adjustment programmes have further reduced the remaining policy options.

Policy consistency

52. Trade policies and trade liberalization should be made more consistent with overall development objectives. In developing countries, ways and means need to be sought to ensure that trade makes a more decisive contribution to alleviating poverty. The role of trade for stimulating economic growth, the distribution of growth effects, and sectoral policies for agricultural and tourism development, and in the longer term for diversification into industry and advanced services, require further attention, including monitoring of the developmental impact of multilateral trade agreements.

53. There is a similar need for improved policy coherence in developed countries both domestically and internationally, in particular between sectoral, tax and fiscal policies on the one hand and the objectives of their own development policies on the other; and between their own policy conduct and the policy advice extended to developing countries in the context of technical assistance. A reduction in tariff levels and a simplification of tariff structures would help raise developing country exports. Subsidies can affect the relative competitive positions of countries and have a distorting effect on developing countries. Developed countries should consider the effects of their fiscal policy choices on the needs of developing countries. In addition, unilateral measures, including measures with extraterritorial effects, risk having a negative effect on efforts to move towards a truly non-discriminatory and open trading system.

54. The conditions necessary for the effective implementation of the WTO agreements, particularly in the developing countries, need to be ensured. Developing countries consider that existing transition periods have not always been sufficient. Any new agreement reached should consider adequate provisions for assistance to the developing countries to enable them to establish the necessary infrastructure and other conditions necessary for the effective implementation of the agreements and to ensure that these countries benefit from the opportunities offered by these agreements. Cooperation is also required among international organizations, including UNCTAD, the World Bank, UNDP, WTO, IMF and ITC, and regional development banks in helping to provide the necessary assistance to countries with respect to their rights and obligations under the multilateral trading system so as to allow them to reap the full benefits.

55. It is clear that while the rules-based system seeks to establish a level playing field, remaining trade barriers have a negative impact, particularly on developing countries. Whilst trade barriers in the main markets are now generally low for most trade of developed countries, there is a lack of equal opportunities for developing countries' exports in the present system. Thus, a number of export products of particular interest to developing countries such as textiles are often subject to high import barriers, including non-tariff barriers. Unlike the industrial sector of trade in goods, the multilateral trade rules relating to agriculture permit the payment of large transfers to agricultural producers in some countries. This support for agricultural production and exports in developed countries can have significant distorting effects, particularly on developing countries. And high protection for the domestic food industry in some developed countries hampers diversification and value-added production in developing countries. WTO rules are stringent with respect to subsidies primarily used by developing countries. Also, anti-dumping measures and countervailing duties are used by many countries in sectors where exporters from developing countries are competitive. Finally, there is an asymmetry between liberalization of trade in goods and services on the one hand and labour-intensive services on the other, which particularly affects developing countries.

56. More focused financial and technical assistance should be provided to address effectively the problem of food security in net food-importing developing countries. In particular, concrete measures should be taken to ensure the implementation of the Marrakech Ministerial Decision on Measures Concerning Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries. Non-trade concerns such as food security, as well as special and differential treatment for developing countries, as referred to in the Agreement on Agriculture, should be taken into account in all relevant bodies and organizations.

57. Another issue requiring attention relates to the fact that many developing countries face problems when trying to diversify into higher value-added and manufactured exports with more dynamic demand prospects. Barriers to entry in those sectors where they should have the best chance of exporting need to be addressed, such as textiles, clothing, and the food industry. Sanitary and phytosanitary measures (SPS) should be adopted when justified in line with the SPS Agreement, which recognizes the importance of relevant international standards. The full participation of developing countries in the elaboration of international standards in these fields should be enhanced.

58. Market access conditions for agricultural and industrial products of export interest to LDCs should be improved on as broad and liberal a basis as possible and urgent consideration should be given to the proposal for a possible commitment by developed

countries to grant duty-free and quota-free market access for essentially all exports originating in LDCs and other proposals to maximize market access for LDCs. Consideration should also be given to proposals for developing countries to contribute to improved market access for LDCs' exports. All countries that announced market access commitments at the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development in October 1997 are invited to implement these commitments fully and expeditiously.

59. As many developing countries, including a considerable number of LDCs, are not members of WTO, the accession process should be facilitated and based on terms that take into account their stage of development and the basic principles of special and differential treatment.

Special and differential treatment

60. The basic principles of special and differential treatment (SDT) for developing countries are fully established and recognized in the various decisions of the United Nations General Assembly, UNCTAD and WTO. Modernization and operationalization of special and differential treatment, in particular in terms of maintaining and expanding export opportunities for developing countries, may be needed to adapt it to changing international trading conditions and to make special and differential treatment a better instrument for development, enabling developing countries, in particular the LDCs, to gradually integrate into the multilateral trading system. Developing countries should be enabled to make full use of the SDT provisions.

61. Widening gaps between developing country export performance and international competitiveness call for stronger emphasis on direct policy action in respect of structural production and investment conditions and reinforced international support. Price and preferential incentives alone have not brought about a broad turnaround where the production basis was not sufficiently developed to expand exports. Nor have they been sufficient in such cases to attract large-scale foreign investment. Attention could be given to a supply-side emphasis for such treatment, providing space in the multilateral trade disciplines for appropriate development policies essential for the development of a competitive supply capacity. Special and differential treatment in WTO Agreements, such as the Agreement on Subsidies and Countervailing Measures, needs consideration in order to better reflect the developing countries' needs.

62. The special and differential measures in favour of LDCs as contained in the Final Act of the Uruguay Round, especially the Marrakech Declaration and Ministerial Decisions, should be implemented in full and as a matter of priority. New measures for LDCs should also be considered.

63. New trading opportunities created by improved market access to developed countries within regional or multilateral agreements need to be complemented by operational programmes, technical assistance and development financing. Such measures would make preferential market access more effective. In parallel, there are various ways in which the GSP could be made more effective, in particular with respect to LDCs. Concrete action should be taken so that a greater number of developing countries can benefit effectively from the GSP and other preferential arrangements.

Commodities

64. Many developing countries, and in particular most of those with weak growth performance, remain highly dependent on commodities for their trade, production income and employment. Commodities continue to provide an important source of foreign exchange earnings for developing countries: they have a high value-added potential; and agricultural commodities are an important source of employment and offer scope for anti-poverty campaigns. Agriculture *inter alia* acts as a buffer against economic problems and allows the return to rural areas of urban unemployed, as in the current crisis. Commodity-based diversification therefore offers a major opportunity for change in line with existing comparative advantages. The important role played by commodity protocols in the socio-economic development of certain developing countries should be highlighted.

65. However, actual developments in the commodity sector have lived up to such expectations in only a few countries:

- Dependence on few commodities has remained high in many developing countries.

- Tariff escalation has been a major barrier to commodity processing in developing countries.

- Rather than diversification of commodity patterns of trade, in several countries concentration has increased over the past decade; only a few countries have made tangible progress in diversification, primarily based on agro-business.

- Commodity price instability has remained extremely high, with declining trends for a number of commodities.
- Wider use of risk management in commodities should be evaluated and be made available as appropriate, with regard to the usefulness for small producers in developing countries.

- Commodity earnings instability continues to be problematic. The IMF's commodity stabilization facility has remained unused for the past decade.

- High levels of investment in and substantial rationalization of the commodity sector in many developing countries have resulted mainly in productivity increases benefiting world markets, but only to a small extent in benefits for producers.

- Despite improvements as a result of the introduction of the SPS Agreement, many developing countries continue to experience difficulties with sanitary and phytosanitary standards, limiting their ability to export.

- The dynamism of niche products in the agricultural sector has sometimes faded away after initial success, for example because of restricted import periods or the application of anti-dumping and countervailing duties.

66. The existing mechanisms for helping to stabilize commodity export earnings should be improved so as to respond to the real concerns of developing country producers.

67. The competitiveness of developing countries in international commodity markets needs to be enhanced. Cooperative arrangements among enterprises in developing countries for improving supply reliability and quality should be considered.

68. Market transparency and information should be improved, as should capacities of developing country enterprises to access and use information, particularly in electronic form, and training to this end should be supported.

Competition

69. Liberalization of trade and investment inside and outside WTO has accelerated globalization and, together with technological progress, enabled TNCs to pursue worldwide strategies. Major TNCs now focus on the entire world market and seek to achieve leading world market positions in their core business through mergers, acquisitions, strategic alliances, investment or trade. While dominant market positions are not anti-competitive in

themselves, certain practices applied by companies enjoying such positions can limit international competition and market entry by competitors. Anti-competitive practices raise import costs and limit market access and market entry. In this situation, some developing countries find it difficult to establish and enforce national competition rules to safeguard market forces and free market entry. In order to enable those countries to better address and discipline anti-competitive practices, it is essential for countries which have national competition rules in place to back them up with an appropriate system of enforcement. Technical assistance, training and other related measures towards this end should be supported.

70. RBPs should not impede or negate the realization of benefits arising from the liberalization of tariff and non-tariff barriers affecting world trade, particularly those affecting the trade and development of developing countries. Efforts to tackle the negative effects of RBPs are also necessary to attain greater efficiency in international trade and development by, *inter alia*, promoting competition, controlling concentration of economic power and encouraging innovation. There is a need to prevent enterprises from re-establishing market barriers where governmental controls have been removed. Developing countries, which do not have many worldwide TNCs, have a major interest in seeing that their access and entry to their major export markets is kept open and unrestricted by anti-competitive practices.

Services

71. Progressive liberalization of trade in services is meant to benefit economic development. Improved market access for developing countries' service exporters is one important benefit. Exports of labour-intensive services have been an important source of income in many developing countries and have contributed to the upgrading of qualifications in several developing countries. However, the asymmetry of globalization processes between product and factor markets and between capital and labour has been to the detriment of the latter, thus limiting the scope for expansion of developing country services exports. Moreover, because of weak infrastructures and *inter alia* their limited access to technology and distribution network channels, many developing countries have not yet developed the capacity to compete effectively in the world market for services. Strengthening developing countries' domestic service capacity, *inter alia* through technical and financial assistance, is therefore of utmost importance.

72. Developing countries' institutional, financial and human capacities and regulatory framework in the services sector should be further enhanced to enable them to engage effectively in international trade in services.

73. To enable them to derive maximum advantage from existing and potential markets, developing countries need assistance in upgrading and developing their services infrastructure and in securing reliable information on the extent of services trade and on market access and barriers to services trade. A more transparent and sounder regulatory framework would also assist developing countries. Within the framework of the GATS, particular efforts should be made to liberalize sectors and modes of supply of interest to developing countries, including the supply of services via the temporary movement of natural persons. Disciplines need to be formulated in such a way that provisions on requirements, qualification procedures, licenses and technical standards must not constitute unnecessary barriers to trade.

74. Electronic commerce shrinks economic distances between producers and consumers and could transform industry structures to the potential advantage of developing country suppliers. But for them to take advantage of this potential, they need access to modern telecommunications infrastructures and networks at low cost. Moreover, electronic commerce could provide a means of exporting labour-intensive services, but only if adequate access to technology is obtained. Electronic commerce should not be seen as a substitute for easing restrictions on the supply of services through temporary movements of natural persons.

ECDC and economic integration

75. Economic cooperation among developing countries (ECDC) and regional and subregional economic integration retain their full relevance. A new potential is growing in certain developing countries as they become major foreign investors and major manufacturers and exporters. There is therefore increased scope for cooperation among developing countries to expand mutual trade and investment and tighten industrial and technological cooperation. The South Summit in the year 2000, to be held in Havana, should mark a major turning point in the field of ECDC and in the enhancement of North-South relations.

76. The second round of negotiations of the Global System of Trade Preferences among Developing Countries (GSTP) has now been concluded. It would be worthwhile considering the further deepening and expansion of the GSTP in order to enhance its effects. In that context, it would, however, be useful to examine possible ways of rationalizing the process of negotiations for a third round.

77. Subregional and regional integration offers a multisectoral framework of cooperation which combines the tools of trade expansion with cooperation in respect of investment, services, transport, customs facilitation and other areas which mutually enhance each other's effectiveness. Producers can benefit from economies of scale. Subregional integration is a

means to diversify into new export products, to encourage many new firms to export for the first time, to gain experience on the regional market, and to become competitive in certain branches where the regional market exceeds the threshold of cost effectiveness. Subregional integration can therefore constitute a major stage in the learning process for attaining international competitiveness and, in certain industries, a phase in the process leading towards later expansion towards world markets. It can also strengthen the position of members in trade negotiations.

(iii) Other development-related issues

Enterprise development

78. Many SMEs do not realize their full potential contribution to employment, growth, diversification, widening of the export base, a vibrant industrial sector and development because they lack access to markets, finance, business skills, technology and training. These traditional "access" problems have in some cases been alleviated by and in other cases compounded by globalization and liberalization. Production is now increasingly knowledge-based and competition now occurs on the basis of both continuous innovation and price. Knowledge-based production cuts across all sectors and even includes the traditional sectors. Entrepreneurs must master design, have extensive knowledge of markets and technology, and become innovative.

79. The impact of the WTO commitments on national policies for SME development, particularly those facilitating market access, has yet to be assessed. In addition, environmental and health-related standards may affect exports by developing country companies and SMEs to countries in which these standards have to be met. Some LDCs have already experienced export losses. Participation of developing countries in standard setting needs to be enhanced.

80. Despite their vast numbers, SMEs have traditionally had difficulty in accessing formal credit, particularly long-term finance. The key reasons for this are well known: SMEs are considered high-risk undertakings due to their insufficient assets and low capitalization, vulnerability to market conditions and high failure rates; in many countries, banks are biased in favour of large corporate borrowers or public-sector entities; information asymmetry arising from SMEs' lack of accounting records and other financial documentation makes it difficult for banks to assess the creditworthiness of potential SME borrowers; and the high administrative costs of lending small amounts generally do not make SME lending a profitable business for banks.

81. The key issues that need to be addressed if long-term capital is to be made available are the provision of acceptable collateral or its alternative in terms of guarantee schemes and the lowering of administrative/transaction costs. Suppliers of capital need reliable, transparent and comparable financial information. Increased transparency can only increase investor confidence and the supply of investment and credit to large and small enterprises alike. The promotion of internationally recognized accounting and auditing standards can help improve transparency and disclosure worldwide. Some developing countries and countries with economies in transition may need assistance in implementation.

82. The growth and survival of SMEs in a globalizing world economy require the adoption at the national and international level of policies and programmes which allow them to compete both at home and abroad. At the national level, new supporting structures are needed, including programmes for entrepreneurship and innovative capacity-building, ability to meet new standards being set in international negotiations, and information on market opportunities. A number of measures can be taken to increase SMEs' access to markets, finance, business skills and technology. The need for new international standards for product quality and the environment should be taken into account, with the full participation of developing countries in future standard-setting. Since SMEs excel at job creation, and job creation is key to reducing poverty, policies and programmes to support SMEs should be promoted.

Transfer of technology and know-how

83. The technological gap between developed and developing countries is wide and for most of them increasing. Technology flows tend to be associated with investment in and expansion of technologically sophisticated industries. A better understanding needs to be achieved of the various channels for transfer of technology, such as FDI and trade. Technology does not automatically flow from developed countries to developing countries. Reducing the technology gap requires efforts on the part of developing countries to acquire and cultivate technology, as well as efforts on the part of developed countries to transfer technology and know-how.

84. With the appearance of new technologies and liberalization of foreign investment, productive activities can be segmented and spread around the world in different locations, and thus more countries have potential opportunities to participate in international production and trade. But these opportunities are not easily tapped by all countries. Countries with a broad range of technological capabilities are better positioned to host specialized activities in the various segments of goods and services production. Created technological assets, in

conjunction with appropriate policy and regulatory environments, more than traditional factor endowments, determine comparative advantage in today's knowledge-based world economy.

85. New technologies such as information technology and electronic commerce will revolutionize the way business is conducted and could provide SMEs with unprecedented access to global markets. At the same time, they could also endanger the survival and growth of some SMEs. Other technologies such as environmentally sound technologies, biotechnology and new materials development also present opportunities for developing countries provided they have access to these technologies and the skills, absorptive capacity and finance to adopt and adapt them. In addition, all countries should establish an adequate regulatory framework to provide effective protection of intellectual property.

86. Technological development is therefore important for the integration and participation of developing countries in the international trading system. Such development can be facilitated by domestic and international actions, including human resource development, establishment and strengthening of appropriate policy and legal frameworks and the competitive environment, encouraging the establishment of more sophisticated industries, establishment of science and technology institutes and infrastructure, encouragement of business support services, and home country measures that encourage the transfer of technology, as well as environmentally sound technologies, to developing countries, in particular the least developed countries, on the terms laid down in Agenda 21 adopted at the Rio Summit.

87. There is need for an exchange of best practices and the provision of technical and, where possible, financial assistance to countries seeking to improve their technological capabilities. There is also need for the provision of advisory services to countries, and even firms, to help them articulate needs for specific technology, to acquire it knowledgeably and to use it effectively. Among the obstacles to effective transfer of technology to enterprises located in developing countries are the weak infrastructures, restricted financial resources and limited bargaining capacity of recipient enterprises.

88. There is need to help developing countries in assessing their technology needs, identifying technology suppliers and concluding mutually beneficial technology deals and partnerships in areas such as information technology, biotechnology and environmentally sound technologies.

89. The importance of transfer of technology to developing countries has been recognized in various forums. In the context of WTO, the TRIPS Agreement states that developed country members should provide incentives to their enterprises and institutions for the purpose of promoting and encouraging technology transfer to the least developed countries in order to enable them to create a sound and viable technological base.

Trade-supporting services

90. Apart from acquiring the necessary technological know-how, the ability of developing countries and many countries with economies in transition to benefit from their participation in the ever more complex global economic system will also depend on the capacity of their enterprises to compete in both domestic and international markets. For this, the existence of adequate trade-supporting services such as trade facilitation, transport, customs, banking and insurance, human resources development and business information is a necessary condition.

91. Strategies to establish more efficient trade-supporting services and a greater involvement of private sector players represent a useful area for development assistance to support sustainable development efforts. They should also take full advantage of the falling cost of gathering, processing and transmitting information and the wider availability of information technologies. In these strategies, which constitute the core of the concept of trade efficiency, the promotion of electronic commerce in developing countries should be given full consideration.

92. Through a radical shift among the relative prices of transferring factors of production across borders (information-intensive ones in particular), electronic commerce has started to affect in a profound and irreversible manner the nature and rationale of a significant portion of international trade flows.

93. The generation of more efficient services to support the promotion of entrepreneurship has an enormous potential to contribute towards the elimination of poverty and social exclusion by assisting people engaged in the micro enterprise and informal sectors.

94. A functioning transport sector determines the degree of participation of countries in the global trading system. Inefficient procedures, excessive transport costs or non-availability of connections create a major barrier blocking access to foreign markets. Any attempt to increase the competitiveness of export goods in foreign markets will thus have to address both the cost and quality of land and ocean transport services available to traders in developing countries, and especially land-locked and small island developing countries.

95. A modern and efficient customs administration is of critical importance for the better participation of countries in international trade because it helps to perform three major tasks: (1) it collects duties, which represent a sizeable part of government revenue in developing countries; (2) it is essential in the fight against the traffic in illegal products; and (3) it gathers trade statistics which are vital for policy-making.

96. To be integrated into the world economy, developing countries also need to pay special attention to the development of national trade-related financial service capacities. Lack of credit information systems and of knowledge related to modern trade finance products and institutions prevents these countries from adapting to the internationally accepted requirements of financial systems.

97. It is estimated that, in the two years following UNCTAD X, electronic commerce will exceed 10 per cent of total world trade. Many analyses and projections stress that developing countries and small and medium-sized enterprises could be among the main potential beneficiaries of the opportunities it will generate. However, the benefits of electronic commerce could stay out of reach for many developing countries if obstacles and issues such as the following are not addressed: (1) access: the Internet often remains too expensive for smaller users in developing countries; (2) human resources: the sensitization of Governments and business to the importance of electronic commerce and the dissemination of relevant skills (technical and managerial) remain priorities; (3) content: the ability (specially for SMEs) to benefit from electronic commerce implies an acceleration in the production of local content and marketing on the World Wide Web; (4) appropriate legal and regulatory frameworks: issues like certification, authentication, protection of intellectual property, and encryption will need to be considered, with the involvement of developing countries in the relevant discussions and negotiations; (5) financial and fiscal dimensions: payment guarantee mechanisms and trade financing techniques will be radically affected by the expansion of electronic commerce; the impact of electronic payments on monetary creation should also be considered; the implications of various electronic commerce fiscal scenarios for developing countries are still unclear and need to be further explored; and (6) security and governance: the respective roles of Governments, international organizations and the private sector in defining some of the underpinnings of electronic commerce (Internet top-level domain names, trademarks, content control, for example) need to be further defined. The ongoing international debates on a 'global framework for electronic commerce' are starting to include a development dimension. Unless such a dimension is properly taken into account, electronic commerce could still result in a broadening rather than a narrowing of the gap between the 'haves' and the 'have nots' of the emerging global information society.

98. The experience of countries that have been successful in this area often includes an effective mobilization of civil society to attain the objectives of a knowledge-based economy: Governments, enterprises and local communities have participated in different kinds of "national task forces". This is an experience that can be shared with other countries through exchanges and debates among various parts of civil society. International support will also be necessary. Priority should be given to direct exchanges of experience among institutions and enterprises involved in electronic commerce.

99. In order to enable developing countries' transport operators to prosper in a liberalized market environment, it is essential to implement policies aimed at capacity-building and removing obstacles for operators. These policies are intrinsically linked to liberalization processes. All operators would benefit from a regulatory and promotional environment that gives them a reasonable chance of success. More efficient transportation services would also strongly benefit local importers and exporters. This approach is not to be confused with a call for restrictive or discriminatory measures that would impede the freedom of choice of users of transport and logistics services. It does, however, call for some streamlining of administrative and regulatory procedures, such as conditions for ship registration, taxation, etc. The extent to which outdated trade and transport procedures are preventing developing countries and emerging economies from competing on a level playing field with developed countries has already been shown in several forums. The international community should assist Governments of developing countries in streamlining such procedures while simultaneously ensuring that simpler trade and transport procedures help the enterprises of developing countries in improving their participation in world trade by ensuring fair access to efficient and cost-competitive transportation services.

Human resources development

100. Enterprises in developing countries are affected by an overall shortage of skills, knowledge and aptitudes that impedes their ability to innovate and adapt to changing technology, legal requirements and commercial practices in the conduct of foreign trade. They also face difficulties in the introduction of improved work and management practices needed to enhance competitiveness in global markets. While these influences impinge on all economic processes, they are particularly restrictive in relation to trade-supporting services upon which the expansion and diversification of foreign trade depends.

101. Production processes and services must adapt to changing circumstances: as technology advances, regulations are reinforced and commercial practices change, each presenting new opportunities and constraints. Personal abilities and practices must adapt accordingly, and human resource development must be given close attention. However,

reaching beyond this evident need, further increases in efficiency and radical innovation will result increasingly from human endeavour and be a major source of future growth, so human resource development must become a key policy issue.

South-South cooperation

102. Development experiences of developing countries are valuable resources for designing development strategies. South-South cooperation should therefore be promoted through the sharing of development experiences among developing countries at different stages of development in cooperation with developed countries.

II. UNCTAD'S ENGAGEMENT

103. Ensuring that all countries enjoy the benefits of globalization requires meeting complex policy challenges which arise, particularly at the global macroeconomic level, from the growing interdependence of the various spheres of economic activity, including particularly trade, finance and investment, and the downside risks which this interdependence sometimes carries. UNCTAD, as the focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development, is pre-eminently placed to examine these issues and to build consensus for reformulation of policies in a globalizing world from a development perspective and has a major role to play in helping developing countries, in particular the least developed countries, and the economies in transition better understand how to design policies for an efficient integration into the world economy, taking into account the many new issues which confront policy-makers, and tailoring the process to each country's level of economic development and institutions. In this respect UNCTAD should continue to explore, based on relevant experience, how to enhance the development opportunities at the domestic, regional and international level offered by the globalization process.

104. In order to achieve these objectives UNCTAD should:

- Act as a forum for intergovernmental discussions and deliberations, supported by discussions with experts and exchanges of experience. These activities are aimed at consensus-building;

- Undertake research, analysis, and data collection *inter alia* in order to provide substantive inputs for the discussions of the experts and government representatives;

- Provide, in cooperation and coordination with other relevant organizations, recipient and donor countries, technical assistance tailored to the needs of the developing countries and linked with its research and analysis activities.

105. UNCTAD in its debates at the intergovernmental and at the expert level, in its analytical activities, as well as in technical cooperation, should continue to focus on four fields of activity: globalization and development; investment, enterprise development and technology; trade in goods and services and commodity issues; and services infrastructure for development and trade efficiency. Priorities within each of these areas should be identified and reflect the needs of developing countries and UNCTAD's comparative advantages. Member States should determine the possible cooperation between UNCTAD and the different actors of civil society. In conformity with its role as a focal point in the United Nations system for issues related to the least developed countries (LDCs), UNCTAD should continue to pay special attention, through analytical work and technical cooperation, to the concerns of LDCs and enhance its capacity to deal with the LDC-related issues in an integrated manner. UNCTAD should also further explore the role of economic cooperation among developing countries as an instrument to promote economic growth, stability and development.

106. In fulfilling its mandate, UNCTAD should take into account the work of other international organizations and should cooperate with them closely in order to enhance synergies, consistency, complementarity and mutual supportiveness of policies and avoid duplication.

A. Globalization, interdependence and development

107. UNCTAD should continue to provide a forum for the exchange of views and perspectives on the evolution and management of globalization and on the interdependence of trade, finance, investment and technology as they affect the growth and development prospects of developing countries. The objective of this work will be to help promote policies and strategies at the national and international level that are conducive to development. With regard to financial and monetary issues, UNCTAD's work should bring in a development perspective. The focus should be on financing for development, consistent with efforts to ensure greater financial stability. Taking into account work done in other relevant organizations, UNCTAD should contribute to the debate on issues related to the strengthening and the ongoing reform of the international financial institutions, including the enhancing of early warning and response capabilities for dealing with the emergence and spread of financial crises, by continuing to provide relevant analysis from a development perspective. At the national level, UNCTAD could contribute to sound domestic

macroeconomic and financial policies, administrative reforms and continuing efforts to promote a stable and transparent national legal and regulatory framework favourable to development. At the international level, this could be achieved through coherent international macroeconomic and financial policies and continuing efforts to promote stable international economic growth favourable to development.

108. UNCTAD's analytical work related to the interdependence between trade, finance, technology and investment and to the impact of such interdependence on development should contribute to achieving coherence of global economic policy-making. UNCTAD should also continue to analyse the causes and effects of financial crises, including the serious crisis in East Asia, and contribute to the debate on measures for the prevention, management and resolution of such crises.

109. Keeping in mind the "Evaluation of the developmental impact of globalization" as outlined in section I.A of this Plan of Action, UNCTAD should continue to focus on the implications of globalization for sustained economic growth and sustainable development. More specifically, there should be analytical work on:

- The possibilities of developing countries to enhance their development and integration into the global economy by *inter alia* strengthening the domestic forces of growth through capital accumulation and technological capacity building;

- The impact of macroeconomic reforms and structural adjustment on development, in the light of increasing global interdependence;

- Policies to improve the positive effects of globalization and to minimize the negative ones;

- Institutional reforms and capacity-building in the context of the indispensable foundations for the realisation of people-centred sustainable development, such as expanding and strengthening the democratic basis of institutions and ensuring sound public administration;

- The role of regional integration, both among developing countries and between developing and developed countries, in ensuring increased economic stability and mitigating the impact of adverse external shocks. This should include the analysis of experiences of regional integration. UNCTAD should provide a forum for the exchange

of experiences among developing countries and developed countries on regional and subregional integration;

- The specific problems of LDCs in their efforts to integrate into the global economy;

- Management of public, external and domestic debt in developing countries in support of the work carried out by the DMFAS programme in this field, and in cooperation with other international organizations;

- The specific problems of countries with economies in transition in their efforts to integrate into the world economy, at a time when profound transformations of whole societies, including systemic, institutional, economic, social and cultural structures, are being implemented in these countries;

- A gender perspective contributing to the empowerment of women in order to achieve gender equality in all sectors of the economy;

110. In its work on globalization and development, UNCTAD should:

- Take into consideration the results of and experiences in the implementation of the Programme of Action for the Least Developed Countries, as well as the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries;

- Contribute to the effective implementation of UN-NADAF by sustaining its analytical work in support of the realization of the objectives of the New Agenda and be fully involved in the processes leading up to and including its final review and appraisal in the year 2002; in line with paragraph 100 of General Assembly resolution 54/249, dated 23 December 1999, the Secretary-General of the United Nations is encouraged to establish a new subprogramme on Africa;

- Contribute to the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States and of the mandate arising from the twenty-second special session of the United Nations General Assembly;

- Identify priority areas for action at the national and subregional levels and propose programmes for land-locked and transit developing countries and structurally weak, vulnerable and small economies.

111. In its work on ODA, UNCTAD should continue to analyse trends of ODA flows and their impact on developing countries.

112. In its analytical work on debt, UNCTAD should analyse the debt problems of all developing countries, taking into account their specificities, with a view to identifying effective, development-oriented and durable solutions.

113. In its analytical work on portfolio investment, carried out in the context of its policy-oriented analysis of all forms of investment, UNCTAD should analyse in particular the implications of foreign portfolio investment and international financial flows for development, the causes and impact of its volatility, its role in the generation of financial sustainability, and the policy implications thereof.

B. Investment, enterprise and technology

114. Considering the rapid increase in investment flows worldwide and their emergence as one of the driving forces in the world economy, UNCTAD should continue to build on its comparative advantage in dealing with international investment issues. UNCTAD should also continue to address issues of technology and enterprise development, including their relation to investment. It should aim at improving the understanding of developing countries and economies in transition with respect to policy choices in these areas; strengthening these countries' national abilities to formulate and implement policies, measures and action programmes in these areas; and promoting understanding of emerging issues, including the role of international arrangements, with a view to strengthening their ability to participate in discussions and negotiations. Particular account should be taken of the need to encourage cooperation among developing countries.

(i) Improving the understanding of the role of FDI, technological capacity-building and enterprise internationalization

115. In the area of investment, UNCTAD should:

- Collect and analyse data and conduct policy-oriented research on investment issues related to development, including on the interaction of FDI and domestic investment and the interrelationship between FDI and trade. In particular, it should conduct such research on the impact of FDI on industrialization, local entrepreneurship and the development of supply capacity generally; the role of FDI in resource mobilization, infrastructure development, maintaining environmental sustainability, export capacity building, and

human resource development, keeping in view the importance of linkages and interaction between foreign and domestic firms (including SMEs);

- Undertake policy-oriented research on issues related to attracting, and benefiting from, international investment, including the determinants of FDI; policy, legal and regulatory frameworks and best practices conducive to the development of the private sector and favourable to FDI and domestic investment, including investment in infrastructure, and the development of local expertise as well as regional networks; policies aimed at maximizing the positive and minimizing the possible negative impact of international investment; and export-oriented FDI;

- Examine the use and effects, particularly on trade, of incentives to attract FDI with high technological content and export-capacity and promote linkages in the host market. The role of double taxation treaties in promoting technology transfer and diffusion through FDI needs further exploration.

116. In the area of technology, UNCTAD's analytical work should aim at drawing lessons from experiences with the transfer and diffusion of technology through FDI and other channels with a view towards supporting efforts made by developing countries to respond to technological and scientific changes and developing policy instruments for facilitating technology transfer. It should also seek to explore ways in which an environment conducive to the transfer and diffusion of knowledge can be fostered, as well as various modes and mechanisms of transfer and diffusion, including specific ways and means to facilitate access to environmentally sound technologies, taking fully into account the conclusions of the Rio Conference. Due attention should be paid to the Barbados Programme of Action for the Sustainable Development of Small Island Developing States and to the mandate arising from the twenty-second special session of the United Nations General Assembly.

117. UNCTAD should analyse all aspects of existing international agreements relevant to transfer of technology. UNCTAD should take into account the work of the Commission on Science and Technology for Development in the areas of protection of biological resources and the impact of biotechnology on development.

118. UNCTAD should identify and disseminate information concerning existing home country measures that encourage transfer of technology in various modes to developing countries, in particular to the least developed countries.

119. In the area of enterprise development, UNCTAD should collect and analyse data on best national practices stimulating enterprise development and identify ways and means for

developing countries' SMEs to meet international standards, as well as to access and benefit from new technologies through networking and partnering. Furthermore, it should analyse the links between SMEs and TNCs, identify mechanisms for financing SMEs, and enhance the capacity and participation of women entrepreneurs in terms of running small and medium-sized enterprises, thus contributing to poverty alleviation.

120. UNCTAD should also examine the impact of regional integration on: (a) the development of competitive capacities of enterprises and, in particular, the development and strengthening of competitive chains for the production of goods and services, as well as the identification and strengthening of flanking support measures for these chains; (b) FDI flows; and (c) investment agreements.

121. UNCTAD should conduct policy-oriented research on the implications of FDI, technological capacity-building and enterprise internationalization for competition and competitiveness. In particular, UNCTAD should examine the consequences of developments such as cooperation among firms in research and development (e.g. strategic alliances). It should also provide a forum for debate at the intergovernmental and at the expert level on these issues.

122. UNCTAD should promote increased transparency and financial disclosure by encouraging the use of internationally recognized accounting, reporting and auditing standards and improved corporate governance. UNCTAD should develop appropriate technical cooperation programmes in this field.

(ii) Strengthening developing countries' national ability to formulate and implement policies to attract and benefit from FDI, strengthen technological capacities and foster the development of enterprises

123. In the area of investment, UNCTAD should support efforts by developing countries in attracting investment flows, in particular FDI, and in maximizing their net benefit, by helping them to formulate and implement policies and set up appropriate regulatory frameworks. Investment policy reviews can play a special role in this connection. UNCTAD should formulate special programmes to assist African and least developed countries. UNCTAD should also study existing home country measures that could be considered in programmes to support the efforts of developing countries to attract FDI and benefit from it.

124. In the area of technological capacities and enterprise development, UNCTAD should further support efforts by countries in developing an integrated approach to investment,

technology and enterprise development, and strengthen the innovative capacity of enterprises through the implementation of national policy reviews, upon request; and it should assist them, through training and other technical cooperation activities, in the development of human resources required for formulating and implementing integrated investment, technology and enterprise internationalization policies at the national level.

125. UNCTAD should continue the Empretec Programme to assist countries to build up entrepreneurial capabilities and innovative and competitive SMEs and to help resolve problems of access to markets, business skills, finance and technology.

(iii) Improving understanding of emerging issues, including the role of international arrangements for the purpose of attracting and benefiting from FDI, enhancing technological capacity and promoting enterprise development in a globalizing world economy

126. In the area of investment, UNCTAD should help strengthen understanding of the relationship between trade and investment, as well as of the role of international investment arrangements in the development process and of how such arrangements could contribute to development, including through facilitation of technology and enterprise development. Areas of interest include bilateral investment treaties involving developing countries, the inclusion of investment matters in regional agreements, increased understanding of key concepts of treaties and the development dimension of international investment agreements.

127. In order to enrich international discussions with the concrete experience of countries and regions, for example the partnership and dialogue between the private and public sectors and to promote the sharing and diffusion of international practice among policy-makers at the national level, UNCTAD should do analytical work and provide a forum for exchange of experiences on the formulation of policies favourable to the development of the private sector at local, national and regional levels and on investment environments through investment policy reviews, prepared at the request of the interested countries.

128. In the area of transfer of technology, UNCTAD should examine and disseminate widely information on best practices for access to technology.

C. International trade

129. UNCTAD's major objective in the area of international trade should continue to be to assist developing countries to integrate themselves more fully into, and derive benefits from, the international trading system. The focus of UNCTAD's work should aim at policy analysis

and consensus building to identify more clearly the parameters of the development dimensions of the multilateral trading system. Another objective of UNCTAD should be to support capacity building in developing countries so as to progressively enable these countries to become effective players in the multilateral trading system in terms of deriving full benefits from trade liberalization, enjoying their multilateral rights and complying with their multilateral obligations. UNCTAD should also identify, on the basis of research and empirical evidence and with development impact assessment, what the implications are of existing and emerging multilateral trade rules for the development prospects of developing countries.

130. Important elements of UNCTAD's work should be geared to supporting intergovernmental consensus in the area of trade by facilitating the setting-out of a positive agenda for developing countries in future trade negotiations. This includes identifying which international trade policy tools are more supportive of development efforts in a globalized world. UNCTAD should also identify and suggest ways and means to address the constraints that developing countries face in deriving full benefits from the trading system, including those relating to their structural impediments, limited domestic policy options and financial vulnerability, as well as those following from problems and imbalances identified by developing countries in the implementation of agreements. The role of regional cooperation and integration arrangements, their development potential and their relation to the multilateral trading system should be explored.

131. UNCTAD should assist developing countries and countries with economies in transition in their efforts to identify trade policy tools to make their development policy more effective, bearing in mind their general problems related to market access, insufficient institutional capacity and insufficient supply capacity in export-oriented areas, as well as lack of skilled human resources. It should provide advice in these areas to countries with economies in transition negotiating accession to WTO. It should identify ways and means to expand trade between countries with economies in transition and developing countries.

(i) Market access

132. UNCTAD's work should relate first to analysis and, where appropriate, on the basis of the analysis, contribute to consensus-building on:

- Reducing tariff and non-tariff barriers in export sectors of interest to developing countries, particularly in developed country markets;

- Maintaining and further improving the level of tariff-free or reduced-tariff access to markets through national GSP schemes for all beneficiaries.

- Maximizing market access benefits for the least developed countries, for example by developed countries granting duty-free and quota-free treatment for essentially all products originating in LDCs, and the contribution to improved market access for LDCs' exports by other developing countries, combined with a multilateral and bilateral programme to upgrade LDCs' production and export capacities and capabilities.

- Impact of anti-dumping and countervailing duties actions.

(ii) Trade in agriculture

133. UNCTAD should assist developing countries in multilateral negotiations on agriculture. This should be supported by analytical work and technical assistance to developing countries on: (i) ways and means to improve market access for their agricultural products; (ii) domestic support, including in the context of their efforts to increase productivity and food security; and (iii) export subsidies and other kinds of export support. In this context, UNCTAD should analyse the impact on all developing countries of the reform process, as foreseen in Article 20 of the WTO Agreement on Agriculture, with attention being paid to the concerns of LDCs and net food-importing developing countries. In its analytical work, UNCTAD should also address the needs of small island developing economies. UNCTAD should further undertake analytical work on major agricultural concerns of developing countries.

(iii) Trade in services

134. UNCTAD should help developing countries in identifying:

- The priority sectors where early trade liberalization should take place;

- The main trade barriers that developing countries face in those services sectors, especially those which limit developing country ability to export their services;

- The preconditions, at the domestic level, which are necessary for developing countries to benefit from trade liberalization in the services sector in general. Attention should be paid to the opportunities offered to developing countries by opening the economic environment. This analysis should be supported, where necessary, by technical assistance

to strengthen their domestic services capacity, and in particular through support in the area of policy and legislative adjustments.

135. In the area of electronic commerce, UNCTAD should contribute to the understanding of proposals made in the area of electronic commerce at the international level. Analytical work should be complemented by capacity-building activities aimed at enhancing the abilities of developing countries to benefit from electronic commerce and to participate actively in international discussions on this issue.

(iv) Support for developing countries in multilateral trade negotiations and in accession to WTO

136. UNCTAD should provide analytical and technical support to developing countries on the built-in agenda and in other possible areas of negotiations. It should actively assist them in their positive agenda by providing necessary analytical and technical inputs to their negotiating objectives, supporting their capacity-building process, and providing a forum for exchange of views and information. UNCTAD should continue to provide assistance to countries acceding to WTO in order to contribute to their early accession and to the universalization of the multilateral trading system.

(v) Regional integration and the multilateral trading system

137. UNCTAD's work in this area should include analysing and identifying options available to particular economic groupings and the simulation of the effects of regional trade agreements on the development of developing countries and on trade flows, taking into account the relationship of regional arrangements and groupings with the multilateral trading system.

138. UNCTAD should help developing countries in analysing and devising the most appropriate mechanisms in the light of WTO rules for:

- Identifying new strategies at the regional level to enhance the competitiveness of developing countries, including in agreements with developed countries, and to improve their capacity to promote their trade interests in global negotiations;

- Achieving a high level of tariff dismantling within the regional groupings;

- Increasing their market access prospects for their goods and services inside and outside the regional groupings;

- Developing favourable rules of origin.

(vi) Special and differential treatment

139. To provide developing countries with a justified degree of flexibility through special and differential treatment in order to enable them to take those measures essential to their development policies and reap the full benefits of the multilateral trading system, UNCTAD should examine means of linking special and differential treatment provisions to economic and development criteria and the potential impact thereof on their effectiveness in achieving the overall aim of gradual integration into the multilateral trading system. In doing so, attention should be paid to: (i) the experience accumulated in the implementation of the WTO Agreements; (ii) consideration of additional special and differential treatment provisions in order to foster the development of internationally competitive export supply capabilities and to encourage product diversification; (iii) the possibilities for linking further trade liberalization to promotion of transfer of technology; and (iv) identification of special and differential treatment measures in favour of LDCs.

(vii) Competition issues

140. UNCTAD should continue and expand its help to interested countries in developing their national regulatory and institutional framework in the area of competition law and policy.

141. UNCTAD's work in this area should, in cooperation with UNDP, the World Bank and other relevant organizations, strengthen the capacity of public institutions for competition and consumer protection in developing countries and help them to educate the public and representatives of the private sector in this field.

142. UNCTAD should continue to examine issues related to competition law and policy of particular relevance to development. It should prepare periodical reports on restraints in strategic sectors and their impact on developing countries and countries with economies in transition, particularly on their competitiveness. UNCTAD should study in depth the developmental impact of possible international agreements on competition.

143. UNCTAD should also further study, clarify and monitor, including through specific country and case studies, the relationship between competition and competitiveness as well as trade-related aspects of competition.

(viii) Strengthening supply capacities in export-oriented sectors of commodities

144. Given the importance of commodities to many developing countries for employment, income and export earnings, UNCTAD should enhance its support to developing countries in this area. UNCTAD's work should focus on:

- Identifying ways to improve the supply capacity of commodity-producing countries, as well as obstacles hampering the development of processing industries, and assisting commodity-dependent developing countries on how to fully exploit commodity diversification as a major potential avenue to industrialization;

- Identifying the changes that are taking place in the dynamics and structure of international commodity markets, in order to make commodity-dependent countries more able to formulate policy responses to critical new developments;

- Providing insights into the complexities of international commodity chains so that the enterprises of these countries can position themselves optimally, maximize retained value added and optimize the dynamic effects of linkages, technologies and upgrading;

- Assisting in increasing market transparency and information flows through, *inter alia*, collection and publication of relevant commodity information and data on a regular and frequent basis;

- Providing a forum where less efficient producers can meet with highly efficient ones to explore possibilities for cooperation and relocation of production;

- Assisting, in concert with other multilateral partners as appropriate, such as the World Bank, in the management of price risks by traders and producers, as well as in the utilization of structured finance instruments for the generation of additional resources which can be used for the development or diversification of the commodity sector;

- Providing technical assistance and policy advice on relevant mechanisms, including financial risk management instruments, to producers and users of oil and gas in developing countries, in particular in the context of implementing privatization and

liberalization schemes, aimed at protecting Governments as well as private users and consumers from the risks of high price volatility;

- Close collaboration with the Common Fund for Commodities, putting to maximum advantage the existing complementarities.

(ix) Strengthening supply capacities in export-oriented sectors of manufactures and services

145. UNCTAD's work should focus on:

- Continuing to evaluate the opportunities for a dynamic development of export-oriented industries and services in developing countries, including LDCs; in particular, identifying services sectors of export interest to developing countries and ways to overcome infrastructure deficiencies hampering their development, including through the introduction of new methods of trade in services;

- Analysing ways for developing countries to improve their supply capacity in the area of trade in services through, *inter alia*, human resource development, institutional capacity-building, improved access to and use of new technologies, particularly in the informatics software development and audiovisual sectors, which use digitally based technology, and development of adequate legislation;

- Analysing possibilities for enhancing competitiveness of and market access for developing country exports of industrial products and services;

- Helping developing countries to shape strategies for their integration into regional and world markets as a major policy option for competitive industrial production and services.

(x) Trade and environment

146. UNCTAD's work, in cooperation with other relevant organizations, should focus on helping to ensure balance in the trade and environment debate by highlighting issues of concern to developing countries and strengthening the development dimension. This in turn would require special attention being paid to the following areas of work:

- Identifying policies to address major constraints faced by many developing countries in responding to environmental challenges, such as lack of technical, financial, institutional

and supply capacities, taking into account the environmental and developmental needs and situations of each country;

- Enhancing understanding of the economic and social implications of trade measures for environmental purposes for countries at different levels of development, including the effects of environmental requirements on developing countries' exports;

- Identifying specific capacity-building needs of developing countries and promoting a broad programme of capacity-building on trade, environment and development.

147. UNCTAD should also, in full cooperation with other relevant organizations, in particular and where appropriate WIPO and WHO, promote analysis and consensus building with a view to identifying issues that could yield potential benefits to developing countries, including the link between public health and development. This should focus on:

- An examination of the economic and developmental implications of multilateral environment agreements and identification of ways to promote the effective implementation of measures to achieve global environmental objectives;

- Examining ways to promote the indigenous development and transfer of environmentally sound technologies to developing countries, including through the implementation of relevant provisions in the TRIPS Agreement, for example articles 7 and 66.2 of that Agreement, in order to contribute to the promotion of technological innovation and to the transfer and dissemination of technology to the mutual advantage of producers and users of technological knowledge in a manner conducive to social and economic welfare and to a balance of rights and obligations;

- Taking into account the objectives and provisions of the Convention on Biological Diversity and the TRIPS Agreement, studying ways to protect traditional knowledge, innovations and practices of local and indigenous communities and enhance cooperation on research and development on technologies associated with the sustainable use of biological resources;

- Examining the potential trade and developmental effects and opportunities of environmental measures, taking into account the concerns of developing countries, particularly as regards potential effects on small and medium-sized enterprises;

- Supporting developing countries' efforts in promoting production of and trading opportunities for environmentally preferable products;

- Ways to promote and support investment and trade contributing to economic growth and sustainable development, *inter alia* in biological resources, such as the Biotrade Initiative;

- Examining ways and means to address developing country concerns in the area of exports of domestically prohibited goods;

- Strengthening the importance of adequately valuing natural resources with a view to enhancing the competitiveness of goods and services generated by those resources;

- Helping developing countries in enhancing understanding of the trade, environmental, including biodiversity, and developmental implications of biotechnologies;

- Supporting R&D capacity-building and legal and regulatory systems, in support of the work programme of the United Nations Commission on Science and Technology for Development;

- Continuing its work as task manager on trade, environment and sustainable development for the United Nations Commission on Sustainable Development.

D. Service infrastructure for development and trade efficiency and human resources development

148. UNCTAD should continue to assist developing countries and countries in transition in building up a service infrastructure in the areas of customs, transportation, banking, insurance and tourism with a view to improving their competitiveness in the international market place.

149. UNCTAD's work programme, with regard to both its analytical activities and technical cooperation, should include:

- Trade facilitation, the use of information technology in trade-related activities and, in particular, the development-related dimension of electronic commerce;

- Institutional reforms and legislative adjustments where appropriate, capacity-building and training activities supporting the build-up of an efficient services infrastructure for trade;

- The possible gains in efficiency in the build-up of services infrastructure for trade when they are provided at regional level;

- LDCs' specific problems, such as access to information technology and build-up of human resource capacity to utilize information technology and thereby participate in the information society.

(i) Trade and transport facilitation

150. UNCTAD'S work should focus on its comparative advantage in the fields of the applied economics of transport, trade facilitation and multimodal transport. UNCTAD must treat problems relating to the provision of, and access to, international transport services as an integral part of international support measures designed to enable the trade and industry of developing countries and particularly the least developed, land-locked and transit developing countries to participate more effectively in the globalization processes.

151. The work undertaken by UNCTAD in recent years in the field of management information systems and logistics as applied to the transport sector, such as the Advance Cargo Information System (ACIS), should continue and be strengthened. UNCTAD's programmes should pay special attention to the particular difficulties encountered by land-locked developing countries and transit developing countries.

152. In close cooperation with other relevant international organizations, UNCTAD should continue to undertake studies on the implementation of multimodal transport rules.

(ii) Customs

153. UNCTAD's programme of customs reform and automation, ASYCUDA, should continue to support the efforts of developing countries. UNCTAD should ensure that the most up-to-date data and effective information technologies are taken into account in the implementation of customs reform and automation projects. In this regard, special attention should be given to capacity-building in developing countries in order to facilitate compliance with standards requirements as set out in multilateral agreements like the WTO Customs Valuation Agreement.

(iii) Banking and insurance

154. UNCTAD should carry out analytical and technical assistance work to help regulators and relevant industry associations in upgrading the regulatory and institutional framework for this sector to adapt to international and best practices and to requirements under WTO/GATS.

(iv) Services for micro-enterprises

155. UNCTAD should continue its analytical and technical assistance work on the development of financial infrastructures and services addressing the needs of micro-enterprise, including in the fields of micro credit, insurance and saving.

(v) Electronic commerce

156. UNCTAD should contribute to informing international debates on the developmental impact of global information networks addressing, in particular, developing countries' specific problems, such as access to information technology, infrastructure constraints and build-up of human resource capacity. Particular importance should be given to their impact on the enterprise sector, including corporate structures and the role of SMEs in global competition, as well as international trade and investment flows. UNCTAD should continue to organize seminars, workshops, and other means of exchanging information on topics in this area.

157. Policy-oriented analytical work should be carried out by UNCTAD on the implications for developing countries of the economic, social and legal aspects of electronic commerce from a development perspective, with analytical work on legal aspects being carried out in close cooperation with UNCITRAL, in particular issues of concern in transport and other related service sectors. UNCTAD should also analyse basic statistical data on electronic commerce flows.

158. UNCTAD shall fully implement the Trade Point Programme strategy, as proposed by the secretariat in document TD/B/WP/120, including the transfer of the electronic trading opportunities system to a non-profit entity as soon as possible.

(vi) Human resources development

159. Given the vital importance of national capacity-building in developing countries, including the gender dimension, UNCTAD should continue its activities within its field of competence in support of human resources development. UNCTAD should play a role in

supporting networks with universities and government institutions and in providing information to enterprises and Governments regarding: (a) the linkages between human resource development (HRD) activities, particularly training, and the performance of enterprises; (b) long-term planning for HRD activities, coordination of training activities and collaboration or development of partnerships between enterprises; (c) formulation of HRD policies and strategies to be followed by developing countries.

160. In cooperation with other international organizations, UNCTAD has done pioneering work to enhance standards and establish networks for the conduct of training adapted to development needs. Its commercial diplomacy, TRAINMAR and TRAINFORTRADE programmes have a major potential to help countries cooperate to meet developmental needs through the conduct of their own training in the field of trade-supporting services. Continuation of these programmes is essential for the networks to thrive, but the networks will also be a source of training in all areas where UNCTAD is working for development.

E. Least developed countries, land-locked developing countries, and small island developing States

161. UNCTAD serves as the United Nations focal point for the least developed countries through monitoring of the implementation of the Programme of Action for the LDCs for the 1990s. In addition to the least developed countries, it also addresses the needs of land-locked, transit and small island developing countries. UNCTAD continues to facilitate the implementation of the Global Framework for Transit Transport Cooperation between Land-Locked and Transit Developing Countries and the Donor Community. The UNCTAD secretariat should make every effort to improve communication with countries without representation in Geneva.

162. In its work on LDCs, UNCTAD is responsible for coordinating and preparing the Third United Nations Conference on LDCs and its follow-up, monitoring and analysing the various major international initiatives as they relate to LDCs, assisting LDCs in understanding the key issues in WTO negotiations, following up the Integrated Framework for Trade-related Technical Assistance, as well as other technical assistance initiatives, and implementing and following up General Assembly resolutions. The successful implementation of the activities related to LDCs and mandates concerning land-locked and small island developing countries will require provision of sufficient staff and adequate resources for the Office of the Special Co-ordinator for the Least Developed, Land-locked and Island Developing Countries. It is the responsibility of all divisions of the UNCTAD secretariat to ascertain that UNCTAD's activities take the needs of LDCs into account.

163. Implementation of activities in favour of LDCs requires regular replenishment of the existing Trust Fund for LDCs, as well as the provision of contributions in kind. Increased contributions are particularly required in the light of UNCTAD's role in the implementation of the outcome of the High-Level Meeting on Integrated Initiatives for the LDCs' Trade Development and its Integrated Framework: UNCTAD is called upon to prepare an integrated programme of action for technical assistance for LDCs, and undertake a realistic assessment of resource requirements for its implementation.

F. Technical cooperation

164. Technical cooperation is one of the three main functions of UNCTAD. It represents the practical manifestation of the organization's commitment to national, regional and global development. The effectiveness and relevance of UNCTAD's technical cooperation depend on its integration with the secretariat's policy analysis and the work of the intergovernmental machinery. The basic parameters for this approach were established by UNCTAD IX and subsequently spelt out in the UNCTAD Technical Cooperation Strategy adopted by the Trade and Development Board in June 1997. The full realization of effective interrelationships among the three basic functions of UNCTAD requires greater efforts in the area of technical cooperation, as follows:

(i) Measures are required to ensure concentration of effort on technical cooperation that effectively exploits the interrelationship between policy analysis, intergovernmental deliberations and operational activities. UNCTAD's approach to technical cooperation should be more consolidated, well focused and streamlined. Priority should be given to those activities which enhance the capacity of beneficiary countries for their effective participation in international trading system. Activities should be demand-driven, based on recipient countries needs and have as their ultimate objective raising the standards of living of people in developing countries through, strengthening of capacity-building for *inter alia*, trade, investment and development;

(ii) In that regard, UNCTAD's technical cooperation should focus on:

(a) Capacity-building to assist developing countries integrate into the global economy in a manner consistent with their development needs;

(b) Preparations for multilateral negotiations on trade and the implementation of the results thereof; and

(c) Support for cooperation among developing countries at the subregional, regional and interregional levels;

(iii) In accordance with the agreement reached at UNCTAD IX, UNCTAD's technical assistance should be directed towards developing countries with the greatest need. LDCs should have priority in the assistance provided by UNCTAD. The effectiveness and impact of UNCTAD's technical cooperation should be strengthened as an essential complement to the institution's policy-oriented analytical and deliberative work. Specific needs of small island developing States, landlocked and transit developing countries and certain developing countries with structurally weak and small vulnerable economies should be addressed. UNCTAD should continue to provide technical assistance to economies in transition;

(iv) Continuous support from UNDP and other multilateral funding institutions, contributions from bilateral donors, the regular budget and other possible sources of finance, while ensuring availability and predictability of financial resources for UNCTAD's technical cooperation, will facilitate the planning and execution of operational programmes and promote a greater degree of coherence in activities. Donors are invited to continue and, if possible, increase financing for technical assistance programmes formulated by UNCTAD. UNCTAD's technical cooperation activities should be planned and executed in the light of the availability of financial resources and contributions;

(v) With regard to cooperation with other international organizations, the UNCTAD secretariat should develop practical modalities for its effective contribution to the preparation of the United Nations Development Assistance Framework and the Common Country Assessment so as to ensure that it reflects the technical assistance provided by UNCTAD in the field of trade and development. UNCTAD should also expand on the coordination experiences gained through the Joint Integrated Technical Assistance Programme (JITAP/UNCTAD/WTO/ITC) and the Integrated Framework for Trade-related Technical Assistance for the LDCs;

(vi) Internal coordination of technical cooperation activities should be enhanced, *inter alia*, through exercise of a greater degree of central oversight and the submission to member States of an annual indicative plan of technical cooperation programmes. Enhanced internal coordination will also facilitate coordination among donors for achieving coherence and complementarity of actions in support for capacity building. In this regard, the principles of coordination among donors and full ownership by beneficiary countries could improve technical cooperation activities;

(vii) Consideration should be given by the appropriate body to the need for UNCTAD to focus its technical cooperation activities;

(viii) Technical assistance programmes should be subject to cost-accounting, and ways and means should be found to introduce and improve mechanisms for the financial sustainability of certain programmes. The issue of the self-sustainability of ASYCUDA, DMFAS and ACIS should be considered further. The cost-effective delivery of programmes should be further enhanced, including through greater utilization of expertise and capacities of developing countries in the implementation of specific activities and by enhanced monitoring and evaluation of each project, in particular with reference to their development impact on national capacities of recipient countries. In this connection it is necessary to elaborate UNCTAD's system of internal and external evaluation;

(ix) Matching between non-profit and private sector entities, the entry into public-private sector partnership activities and subsequent activities should take place only within the framework of United Nations rules and regulations. In this respect, the secretariat is encouraged to participate fully with other elements of the United Nations system in devising a set of guidelines and to report back to Member States on a regular basis on the progress of such discussions.

165. UNCTAD, in collaboration with WTO, ITC and the donor community, could consider the possibility of expanding the Joint Integrated Technical Assistance Programme (JITAP/UNCTAD/WTO/ITC) to include more African countries.

166. UNCTAD's existing capacity-building programme should be strengthened. This would enable officials and other individuals from developing countries and some interested countries with economies in transition to become better informed, through regular training courses in cooperation with the United Nations Staff College, of key issues on the international economic agenda, in particular with development dimensions within UNCTAD's field of competence. These courses would draw on the expertise and policy analysis work of the UNCTAD secretariat, with the support of an advisory body to be established by the Trade and Development Board. In course delivery, cooperation and coordination would be assured with relevant research and academic institutions and with other relevant international organizations, taking into consideration the commitment of UNCTAD to the Integrated Framework for Trade-related Technical Assistance for the LDCs. The organization of the courses should be financed from UNCTAD's existing regular budget resources and available extra-budgetary resources. The Secretary-General of

UNCTAD is invited to submit detailed costed proposals to the Working Party on the Medium-term Plan and the Programme Budget.

167. The continuation of the assistance that the UNCTAD secretariat provides to the Palestinian people is welcome, and should be intensified.

168. In its technical cooperation in the field of debt, UNCTAD should undertake technical assistance on debt management, through its DMFAS Programme, and strengthen the latter's links to the work of the World Bank, notably through the World Bank Debt Sustainability Module.

169. In its activities in the field of portfolio investment, UNCTAD should, in close cooperation with other international and regional institutions, continue its current technical cooperation programme on capital market development to strengthen the domestic financial infrastructure, with a view to assisting developing countries to mobilize stable sources of finance.

G. Intergovernmental machinery

170. The Conference welcomes the document prepared by the UNCTAD secretariat entitled "Improving the functioning and the structure of the intergovernmental machinery of UNCTAD" and believes that the proposals contained in this document, *inter alia* on the linkages between expert meetings and commissions, should be given full consideration by a specially convened executive session of the Trade and Development Board as soon as possible after UNCTAD X and prior to Commissions' sessions.

H. Implementation

171. In order to implement the activities outlined in the operational paragraphs of this Plan of Action in an efficient and timely manner, they should be presented, in accordance with United Nations rules and practices, as a work programme with clearly defined objectives and outputs for the biennium, including timeframes and expected outcomes. The Secretary-General of UNCTAD should present the work programme to member States for discussion at the first meeting of the Working Party on the Medium-term Plan and the Programme Budget and the subsequent executive session of the Trade and Development Board.